

Approved



**ENHANCED MUNICIPAL SERVICES DISTRICT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
AUGUST 11, 2004
MINUTES**

PRESENT: Scudder Gookin, Jr., Chairman
Paul Piazza, Vice-Chairman
Marilyn Atkinson, Commissioner
Anselm Bischoff, Commissioner
Bambi Johnson, Commissioner
Steven Scholz, Commissioner

STAFF: John Little, Executive Director
Michelle Korf, Deputy Director
Sahler Hornbeck, Downtown Group

OTHERS

PRESENT: Michelle Olson, Olson Communications
Park Howell, Park & Company
Frank Maguire, 5th Avenue Merchants Association
DeEtte Person, Olson Communications
Stan Yamamoto, Park & Company
Ginny Taylor, Marshall Way Arts District
Michael Fernandez, Brown Stetson Merchants Association
Judi Pinch, Old Town Merchants Association
Clark Johnson, Business Owner 5th Avenue
Patty O'Toole

CALL TO ORDER

Chairman Gookin called the regular meeting of the Enhanced Municipal Services District Commission to order at 5:35 p.m.

ROLL CALL

A formal roll call confirmed members present as stated above.

Chairman Gookin announced that Todd Iacono has resigned from the Commission.

APPROVAL OF MINUTES

July 12, 2004 and July 21, 2004

Commissioner Atkinson requested a correction to the June 21, 2004 minutes. On Page 7, next to last paragraph, third sentence reads: "Mr. Little explained that all media buys must go through Olson Communications". She stated she would like it to be noted that those discussions took place prior to Olson Communications coming on board and also had the knowledge of the Marketing Group and permission from the Commission and Mr. Hornbeck.

COMMISSIONER PIAZZA MADE A MOTION TO APPROVE THE JULY 12, 2004, AND JULY 21, 2004 MEETING MINUTES AS AMENDED. SECOND BY COMMISSIONER ATKINSON AND PASSED UNANIMOUSLY.

SALES TAX REPORTING

Ms. Korf introduced Phil Montalvo from the Finance Department to talk about sales tax generation with the five districts and the EMSD.

Mr. Montalvo provided a briefing on how sales tax revenues are reported with respect to the five specialty districts and the EMSD as a whole. He explained that the best "apples to apples" picture one year to the next, include history to this point. Associated taxes (privilege, use & bed taxes combined) – yearly comparison will be skewed somewhat with tax rate increases in '95 and '04. Downtown sales and or/taxes revenue information can be reported each month. (Maybe every three/four months or semi-annually would work as well. He reviewed the categories retail, restaurant and or/ hotel/motel can be reported as a separate category in a defined area (if there are 3 or more businesses in the category, and in the area, allowing for public disclosure). He further explained yearly comparison can include five years back.

He stated the reporting boundaries can be delineated as defined by the Commission. A couple of alternatives are 1) the EMSD as a whole, 2) EMSD districts representing by Commissioners. He further stated that with regard to analysis the reports will not help (by themselves) with knowing why they show increase or decrease, i.e., successful marketing, change in economics, change in vacancy rates, new projects coming into the area.

Chairman Gookin requested information on the different tax categories. Mr. Montalvo explained that there are eight to ten tax categories and they have the ability to isolate those categories. Chair Gookin inquired once the Commission determines the information that they would want how would they go about requesting it. Mr. Montalvo replied the Commission would need to direct staff noting they would need a four-week lead-time. Chairman Gookin inquired if this information could be provided once a year. Mr. Montalvo replied once the boundaries are defined that information could be provided on a quarterly, semi-annual or annual basis

ADOPTION OF FY 2005 MARKETING PLAN

Chairman Gookin recommended the Commission listen to the entire presentation from Olson Communications, then one of the commissioners' should offer a motion to adopt the plan and then go through the Marketing Plan page by page, ask questions, and make comments.

Ms. Korf explained the Marketing Plan incorporates the results of the July 12 and July 21 commission meetings, input from the marketing working group and other downtown stakeholders and applies the expertise of Olson Communications. Tonight Olson will be highlighting a few of the changes to the Marketing Plan they have made.

Ms. Korf introduced Michelle Olson and DeEtte Person noting that their colleagues are delayed in traffic because of the Presidential visit.

Ms. Olson stated as a reminder the purpose of the marketing plan is to implement strategies that add to Scottsdale's appeal as both a destination for shopping and entertainment, and a great place to do business. Emphasis will be placed on increasing foot traffic and subsequently, sales, in downtown. The plan will also continue use of the "The Original" logo and tagline to represent the entire district, but without the ancillary composite figures. Individual districts will be encouraged to undertake efforts that celebrate their uniqueness, but will also be encouraged to partner whenever appropriate.

She reviewed the changes made to the FY 2005 Marketing Plan Objectives:

Page 2 – Delete the bed tax as an objective.

Page 5 – Under Public Involvement – added, "work with Downtown group to disseminate information regarding issues covered during Downtown chats". Under Media Relations – added – "Develop relationships and explore opportunities with local alternative lifestyle publications".

Page 8 – Under Public Outreach – added "Downtown Service Providers – Develop relationships with downtown service providers (i.e. salons, shoe repair, travel agents, accountants, etc.) to provide them with down information and event updates.

Under Media Publications added second paragraph: “Many additional media avenues such as airline in-flight magazines and alternative lifestyle publications were researched. However, under the current budget allocation, we are unable to fund them during 2004-05. However, if roll-over funds from last year become available, we may want to readdress these opportunities. These could also be considered at year-end if contingency funds are still available and/or could be funded through area grants, as appropriate.”

Under Creative Executions – the Downtown Map and Directory bullet now reads: “Update existing Downtown Map & Directory with copy revisions and slight design revisions and print 200,000 quantity”.

Page 9 – Under Web site – now reads: “Pull graphics and copy from existing web site (scottsdale downtown.com), set up new internet URL and update for current FY 2005 needs.

(Stan Yamamoto and Patti O’Toole arrived)

Mr. Yamamoto reviewed the revisions made to the EMSD FY 2005 Budget directing their attention to the revisions to the Map & Directory redesign/ printing, area grants, and contingency fund.

COMMISSIONER PIAZZA MOVED THAT THE EMSD COMMISSION ADOPT THE FY 2005 MARKETING PLAN. SECOND BY COMMISSIONER BISCHOFF.

Chairman Gookin requested the Commission members go through the Marketing Plan page by page, ask questions, and make comments.

The Commission having heard the presentation and reviewed the Marketing Plan the page by page discussion began:

Page No. 1

Commissioner Johnson stated on page 1, third paragraph, first sentence reads: “Seamless and effective communication will be critically important in order for Scottsdale’s vision for downtown to be realized”. She inquired about the effective communication that is planned. Ms. Olson replied they would be putting together an activity report that will include everything that is going on so that everyone will always know what is going on and it will be done on a monthly basis. The purpose is to keep all on the entities talking and sharing information. Commissioner Johnson inquired if it was the consultants understanding that the Working Group is vitally important to the operation of the program. Ms. Olson replied absolutely.

Page No. 2

COMMISSIONER PIAZZA MOVED TO AMEND THE MOTION AS FOLLOWS:

Add another bullet under FY 2005 Marketing Plan Objectives that reads:

- **Increase sales by a total of 12% - 15% over 3 years (5% per year)**

SECOND BY COMMISSIONER JOHNSON. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

Mr. Maguire inquired if we are including all of the sales tax reporting for all events that take place in the downtown Scottsdale area. He stated that at some of those events people setup booths and do we want that as part of the increase. He asked if there is a way to separate out information on downtown Scottsdale events. Mr. Hornbeck explained that it would not be possible under the current system to determine the sales tax generated by artist vendors in the downtown. Commissioner Bischoff stated this is a big problem. How can we determine whether an event was successful?

Chairman Gookin inquired if these vendors get a one time sales license. Mr. Maguire replied that it varies some have a permanent year round license and others just have temporary license.

Page No. 1

Commissioner Johnson stated that she had another question on page 1, third paragraph, first sentence reads: "Seamless and effective communication will be critically important in order for Scottsdale's vision for downtown to be realized". She requested additional information. Ms. Olson reported that they would be attending all of the Commission and Marketing group meetings and all communications outside of the meetings could be directed through Mr. Hornbeck. Commissioner Johnson suggested that one of the members of the working group be at all of the meetings Olson Communications has with the city so Olson is not meeting independently with the City.

Judy Pinch stated that she felt positive about this group and the marketing group has accomplished a lot.

Commissioner Johnson stated she felt the working group should set a weekly meeting to allow them to work with the PR team until they get everything on track.

COMMISSIONER ATKINSON MOVED TO AMEND THE MOTION AS FOLLOWS:

Seamless and effective communication between consultant, working group, and staff, will be critically important in order for Scottsdale's vision for downtown to be realized. Care should be given to respect that, at its core, this is a marketing effort

that has a very real impact on the livelihoods of many small business owners who all have a stake in its success. Achieving consensus with such a large and passionate constituency is critical. Downtown Scottsdale stakeholders need to feel ownership in the marketing approach, without accepting a middle-of-the road solution. This presents an intriguing and exciting challenge!

SECOND BY COMMISSIONER PIAZZA. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

Page No. 2

COMMISSIONER PIAZZA MOVED TO AMEND THE MOTION AS FOLLOWS:

Under Primary Target Audience the bullet that states:

Resides within a 20-mile radius of Downtown Scottsdale change to:

Resides within a 30-mile radius of Downtown Scottsdale. Also, add that bullet point under the Secondary Target Audiences.

SECOND BY COMMISSIONER BISCHOFF. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

No changes were made to Page No. 3.

Commissioner Johnson inquired when the PR starts. Ms. Olson replied that it has already started. She reported they would put together a time line for the entire plan.

Commissioner Piazza stated the Marketing Committee might want to discuss the idea of changing the West's Most Western Town to something like the New West's Most Western Town since this is the twenty first century.

Page No. 4

Mr. Maguire stated the CVB has a booth at all of the events and in the past was staffed by the DSP. He further stated that he felt having a representative at the booth was a vital part of reaching the people at these events. He added he did not want the downtown to lose their presence at these events.

COMMISSIONER PIAZZA MOVED TO AMEND THE MOTION AS FOLLOWS:

Under Communications Plan Tactics – Conventions – work with Scottsdale CVB add the following new bullet:

- **CVB Booth – staff and supply booth**

SECOND BY COMMISSIONER ATKINSON. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

No changes made to Page No. 5.

Commissioner Johnson inquired if the plan would address the construction projects going on in the downtown and how to minimize the impact on the stores. Commissioner Piazza commented that everything does not need to be spelled out in the plan. Ms. Person explained that the plan is a guide that steers the direction for marketing downtown.

Mr. Fernandez inquired if it was possible for the Commission to ask the Council for more money so the trolley could run year round? Ms. Korf suggested if the Commission would like to make that type of a recommendation to the City Council that it be placed on a future agenda action item.

Commissioner Johnson inquired under Media Relations when they do PR if there is going to be a rotation to each of the districts. Ms. Olson explained that it is hard to rotate news. People can submit newsworthy ideas if there is something happening within the district.

Page No. 6

COMMISSIONER ATKINSON MOVED TO AMEND THE MOTION AS FOLLOWS:

Add Nascar.

SECOND BY COMMISSIONER BISCHOFF. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

COMMISSIONER ATKINSON MOVED TO AMEND THE MOTION AS FOLLOWS:

Under Spring Training bullet that reads:

A week's worth of "fun in the sun" in Downtown Scottsdale, to supplement fans' experience while in town to cheer on their team. Should be changed to read:

A month's worth of "fun in the sun" in Downtown Scottsdale, to supplement fans' experience while in town to cheer on their team.

SECOND BY COMMISSIONER JOHNSON. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

Page No. 7

Commissioner Scholz shared things he has recently done as a service related business. He stated that he has put together an album called 'Discover Downtown' and includes information about businesses throughout the downtown. He stated that his thinking was that people would much rather look at the album than read a magazine while they are waiting. Another thing that he has done is develop an on hold commercial that conveys information about the downtown.

COMMISSIONER SCHOLZ MOVED TO AMEND THE MOTION AS FOLLOWS:

Under Public Outreach – Downtown Service Providers – another bullet should be added:

Develop portfolios for businesses in the Downtown and “on hold” recordings for businesses to use on their telephone systems.

SECOND BY COMMISSIONER PIAZZA. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

Page No. 8

Chairman Gookin stated that if additional funds become available he would like the Commission to sit down and decide how those funds should be used.

COMMISSIONER ATKINSON MOVED TO AMEND THE MOTION IF AT THE YEAR'S END CONTINGENCY FUNDS ARE STILL AVAILABLE THE COMMISSION CAN ALLOCATE AN APPROPRIATE USE.

(THE MOTION DIED DUE TO LACK OF A SECOND.)

COMMISSIONER PIAZZA MOVED TO AMEND THE MOTION AS FOLLOWS:

Under Media Publications – second paragraph that reads:

“Many additional media avenues such as airline in-flight magazines and alternative lifestyle publications were researched. However, under the current budget allocation, we are unable to fund them during 2004-05. However, if roll-over funds from last year become available, we may want to readdress these opportunities. These could also be considered at year-end if contingency funds are still available and/or could be funded through area grants, as appropriate.” Should be changed to read:

Many additional media avenues such as airline in-flight magazines and alternative lifestyle publications were researched. However, under the current budget allocation, we are unable to fund them during 2004-05. However, if rollover funds from last year become available, we may want to readdress these opportunities. Any rollover funds or contingency funds may be re-programmed as the Commission deems appropriate.

SECOND BY COMMISSIONER JOHNSON. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

Commissioner Johnson requested information on how rollover funds work. Chairman Gookin commented that the Commission has not established a policy on rollover funds. Ms. Korf suggested placing this subject on a future agenda for discussion.

Page No. 9

Chairman Gookin stated with regard to the web site the Marketing Plan states: Pull graphics and copy from existing web site, set up new internet, and URL... He inquired if that is legal. Ms. Korf explained that using the existing Scottsdale Downtown URL is an area of ambiguity and is under review by legal staff. Ms. Korf suggested changing the language to: *As appropriate*, make use of existing graphics and photographs. Mr. Maguire explained that he controls the web site. The consensus was that the web site issue should be addressed.

COMMISSIONER PIAZZA MOVED TO AMEND THE MOTION AS FOLLOWS:

Under Web Site the existing language should be deleted and changed to read:

Web site issues should be addressed.

SECOND BY COMMISSIONER ATKINSON. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

Commissioner Johnson inquired if it is mandatory that the web site redesign go through Park & Company because they do not have a lot of money within the budget and if somebody within the EMSD is willing to continue handling it at a fraction of the cost, is that acceptable to the City. Mr. Fernandez stated that he felt the City should own the web site because what if something was to happen to Mr. Maguire. Commissioner Bischoff stated that he wants the city to own the web site. Ms. Taylor commented that Mr. Maguire is doing an excellent job but with the PR group designing the web site there would be more of a cohesive advertising and PR approach.

Page 10

Chairman Gookin inquired if the Commission adopts this budget can it be changed before the money is spent. Ms. Korf replied the Commission could revisit the budget whenever they choose.

Chairman Gookin stated that it was brought to his attention that the Map & Directory redesign/printing price maybe high. Mr. Yamamoto explained how they arrived at the redesign and printing cost. The estimated printing cost is \$35,000 and with their mark up it is estimated at \$56,000. He stated this is an estimated cost and it will be sent out to bid so the pricing could be less.

Commissioner Atkinson stated the \$35,000 is purely for printing and the commission is 17.5%. Mr. Yamamoto replied the production markup is 30% and the media commission is 15%. Ms. Olson noted that larger agencies in the Phoenix area have a production markup of 50%.

Commissioner Johnson stated that part of the confusion is that the Commission never received a copy of the Olson contract. She further stated that she was part of the subcommittee process and during the interview process, we were told certain percentages and now we are being told something different. Ms. Korf explained that the contract negotiation is a staff responsibility noting that the Commission participated in the selection of Olson. From that point, staff is responsible for negotiating the terms of the agreement in the best interest of the City and the Commission.

Ms. Korf explained that the Commission could chose to reprint the map as it exists right now and not have Park & Company do the proposed redesign work and save money that way.

Commissioner Atkinson stated so what she is hearing is that we can either run with the way it presently exists or allow Park & Company to make the changes and go forward at an potential cost of \$56,000. She further stated as the Map & Directory currently exists needs to be cleaned up. Ms. Korf noted the Commission could approve the budget less the \$56,000 but Park & Company would still need to be paid for the work they've completed so far.

Commissioner Johnson stated that she would like to go on record that \$56,000 for the Map & Directory redesign/printing is way too much. She further stated that hopefully that figure would be less.

Commissioner Bischoff stated that he does not want to give Olson the wrong impression that we want them off shopping the cheapest thing he wants them to go out and get the best we can afford. We don't want something cheap we want something right.

Ms. Pinch inquired if the marketing group is allowed to do things on their own. Chairman Gookin replied in the negative because of the contract with Olson everything must go through them.

Mr. Yamamoto stated last week the marketing group gave them direction of the types of changes to consider so he has a good idea of what needs to happen on the redesign. Commissioner Atkinson stated that the types of changes are not significant and all should be done for around \$39,000.

Commissioner Johnson stated that she would like to go on record that the consultants are doing a wonderful job.

Page 11

Chairman Gookin inquired if the Spring Training banner was reusable. Commissioner Bischoff explained that it can be reused but it would have to be redone because the printing is not big enough. Ms. Korf stated since there needs to be work done to make the banner presentable she would suggest the working group address what will make the banner workable and come back to the Commission and perhaps it could be funded with the carry over.

Chairman Gookin called for the vote on the adoption of the FT 2005 Marketing Plan as amended.

THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

APPROVE BASE ALLOCATION AND PROCESS FOR AREA GRANT APPLICATIONS

Ms. Korf stated the purpose of this action item is for the Commission to determine a base allocation for the Area Grant Program as well as the process by which the merchants' associations may receive funds.

Mr. Hornbeck reviewed the City of Scottsdale Downtown Enhanced Municipal Services District Guidelines for the Area Grants Program. Funding was authorized last year for the New Year's Eve Block Party (Open Air Events) and First Avenue merchants sale event, and it is likely the Commission will be asked to consider these requests, and maybe others like them, this year. He provided information on the budget base allocation.

Chairman Gookin stated that he had envisioned a simpler process if they have \$150,000 that each of the districts would get \$30,000 with \$75 in the contingency fund. He further stated that he felt this should not be a lengthy process that as long as anything appears reasonable it should be approved up to the amount of the grant.

Commissioner Johnson inquired if the five districts have to be nonprofit. Mr. Hornbeck replied in the affirmative unless the Commission specifies otherwise.

Chairman Gookin stated that he felt that grant application review should be a standing agenda item.

Commissioner Johnson inquired who is the bank for the funds. Ms. Korf replied Olson Communications. Commissioner Johnson stated that she would like to see a short-time frame for the districts to receive the funds. Ms. Korf stated that it is structured in such a way that the turn around will happen very quickly. She further stated that she would place this issue on the next agenda.

Commissioner Atkinson stated that she would like to see a standing agenda item that the Commission receives all invoices and a current accounting.

Chairman Gookin requested an update on the status of the vacancy left by Todd Iacono's resignation. Ms. Korf stated she would provide that information at the next meeting.

Commissioner Johnson stated she would like the issue of the year round trolley addressed at a future meeting.

Mr. Hernandez inquired if the districts have to use Olson Communications for their media coverage or can they do it themselves. Chairman Gookin replied that it is not mandatory to use Olson Communications.

Mr. Hornbeck reported that staff has received two area grant applications.

Commissioner Scholz stated that he liked the idea of each district receiving \$30,000 in area grants that it is the only way to be fair. He inquired what options do they have for things like block parties that encompass a larger area. Mr. Hornbeck replied they would have to work within the district merchants associations.

COMMISSIONER ATKINSON MOVED THAT THE BASE ALLOCATION FOR THE AREA GRANT PROGRAM EACH DISTRICT WILL RECEIVE \$30,000 WITH \$75 CONTINGENCY. SECOND BY COMMISSIONER JOHNSON. THE MOTION PASSED BY A VOTE OF SIX (6) TO ZERO (0).

The Commission scheduled a special meeting on August 19, 2004 to review the grant applications.

FUTURE AGENDA ITEMS/COMMISSIONER ANNOUNCEMENTS

Commissioner Johnson reiterated that she felt the marketing group should have weekly meetings so there is an open line of communication with Olson in the beginning since that is their only venue. Mr. Hornbeck reported the Marketing Group last week put the regular meeting the first Tuesday of each month with special meetings as needed. The marketing group can schedule any meetings they want to.

ITEMS FROM THE FLOOR

Frank Maguire stated that he has been working in downtown Scottsdale for over 10 years and although they are still in the transition phase they are all working together and headed in the right direction. He commented they have a good group and they all deserve a pat on the back. Ms. Pinch stated she would agree.

STAFF ANNOUNCEMENTS

Ms. Korf announced that the Downtown Newsletter went out in the mail today.

ADJOURNMENT

With no further business to discuss, the regular meeting of the Scottsdale Enhanced Municipal Services District Commission was adjourned at 8:47 p.m.

Respectfully Submitted

"For the Record" Court Reporters